



Patent and Trademark Office

Mission Statement

The PTO promotes industrial and technological progress in the United States and strengthens the national economy by:

- **Administering the laws relating to patents and trademarks.**
- **Advising the Secretary of Commerce, the President of the United States, and the Administration on patent, trademark, and copyright protection.**
- **Advising the Secretary of Commerce, the President of the United States, and the Administration on trade-related aspects of intellectual property.**

As the steward for the Nation's patent and trademark registration system, PTO has maintained its basic role of granting patents and registering trademarks. In this role, PTO operates in a dual management capacity: like a business, totally reliant on, and accountable for, the judicious use of revenue from its fee-paying customers; and as a Federal agency, accountable for maintaining and strengthening the foundation and integrity of the Nation's patent and trademark systems.

As a fee-for-service agency, PTO expects to receive 699,100 patent and trademark applications in FY 2001 – applications which are the force behind our robust domestic and global economy. Fees for these applications are paid in advance by customers to process requests for products and services. To be responsive to customers, PTO must take a short-term perspective by hiring the engineers, scientists and attorneys needed to stay current with incoming work. PTO also must take a long-term perspective by investing in reengineering, automated systems and innovative resource management practices needed to ensure a viable organization of the future.

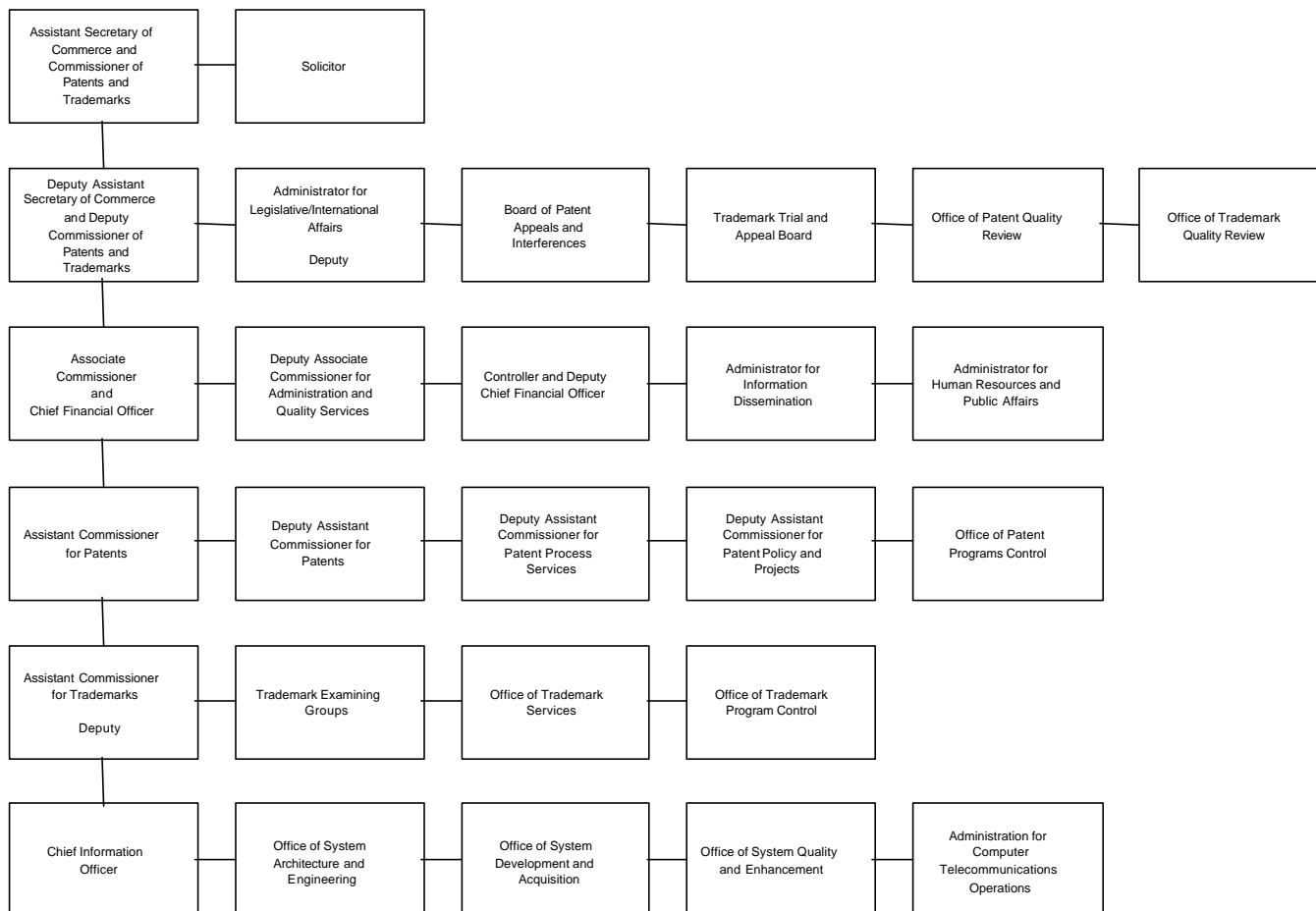
The underlying premise behind the transition to performance-based organization status, is that PTO must be responsive to its customers by using the fees paid for products and service to enhance timeliness, quality and customer satisfaction. With resources made available in fiscal years 2000 and 2001, PTO will strive to make progress on its High Impact Agency goals and the related performance targets.

Bureau Context

Department-wide

- **Establishing Safeguards Against Unconventional National Security Threats.** PTO is pursuing an Electronic Mail Room/Public Key Infrastructure for the secure exchange of structured documents between automated information systems operating at PTO and external correspondents, and conducting a vulnerability assessment of the Crystal City campus.
- **E-Commerce.** PTO will maintain automated patent and trademark activities at the current level and offer access via the Internet to a range of electronic databases and services.

Organizational Structure



Targets and Performance Summary

Highlights of the Patent and Trademark Office FY2001 Performance and Plan

PTO's fiscal year 2001 plans focus on our two strategic goals. The first goal is to provide our customers with the highest level of quality and service in all aspects of PTO operations. To do this we will implement the American Inventors Protection Act of 1999 (Public Law 106-113), manage growth while improving processing times, enhance quality and customer satisfaction, and invest in information technology for future performance. We also plan to continue activities associated with our second strategic goal to maintain and grow our domestic and international leadership roles in intellectual property rights policy.

Performance Goal 1: Help protect, promote and expand intellectual property rights systems throughout the United States and abroad			
Measure	FY 99 Actual	FY 00 Target	FY 01 Target
Number of technical assistance activities completed	99	102	104

Performance Goal 2: Grant exclusive rights, for limited times, to inventors for their discoveries			
Measures	FY 99 Actual	FY 00 Target	FY 01 Target
Average cycle of original inventions processed (months)	12.9	10.2	10.0
Percent of customers satisfied	57	70	75
Workload cost indicator	\$2,494.20	\$2,646.99	\$2,761.59

Performance Goal 3: Enhance trademark protection			
Measures	FY 99 Actual	FY 00 Target	FY 01 Target
Pendency time to first action and registration/disposal (months)	4.6 18.9	3.0 13.8	3.0 13.8
Percent of customers satisfied	69	80	80
Workload cost indicator	\$557.87	\$495.95	\$472.36

Performance Goal 4: Promote awareness of, and provide effective access to, patent and trademark information			
Measures	FY 99 Actual	FY 00 Target	FY 01 Target
Percent of key products and services meeting schedules or cycle time of standards	64	80	80
Customer satisfaction with key products and services (Note the scale changed for the fiscal year 1999 actual.)	75	Conducted every two years	90
Workload cost indicator	\$14.19	\$8.90	\$10.86

Resource Requirements

Total Dollars: \$1,039 million*

Performance Goal	FY 99 Actual	FY 00 Enacted	FY 01 Request
Help protect, promote and expand intellectual property rights systems throughout the United States and abroad	\$16.1 M	\$18.8 M	\$22.7 M
Grant exclusive rights, for limited times, to inventors for their discoveries	\$626.6 M	\$694.3 M	\$808.9 M
Enhance trademark protection	\$101.3 M	\$110.3 M	\$124.3 M
Promote awareness of, and provide effective access to, patent and trademark information	\$59.6 M	\$57.9 M	\$62.9 M

* \$20 million transferred to OPM for retirement benefits.

Total Bureau FTEs: 7,449 FTE

Skill Summary: Knowledge of global intellectual property rights systems and policies; expertise in intellectual property law and appropriate scientific and technical disciplines.

Performance Goal	FY 99 Actual	FY 00 Enacted	FY 01 Request
Help protect, promote and expand intellectual property rights systems throughout the United States and abroad	85	101	114
Grant exclusive rights, for limited times, to inventors for their discoveries	4,753	5,362	5,949
Enhance trademark protection	791	1,078	1,126
Promote awareness of, and provide effective access to, patent and trademark information	231	260	260

Total Bureau IT Dollars: \$168.6 M

IT Requirements: Electronic Commerce; Electronic Filing; Electronic Workplace; Clinger-Cohen Act; Capital Programming

Performance Goal	FY 99 Actual	FY 00 Enacted	FY 01 Request
Help protect, promote and expand intellectual property rights systems throughout the United States and abroad	\$4.2 M	\$4.9 M	\$5.8 M
Grant exclusive rights, for limited times, to inventors for their discoveries	\$91.9 M	\$93.2 M	\$114.8 M
Enhance trademark protection	\$25.5 M	\$25.7 M	\$29.9 M
Promote awareness of, and provide effective access to, patent and trademark information	\$13.4 M	\$16.0 M	\$18.1 M

Performance Goal 1: Help Protect, Promote, and Expand Intellectual Property Rights Systems Throughout the United States and Abroad

Rationale for Performance Goal

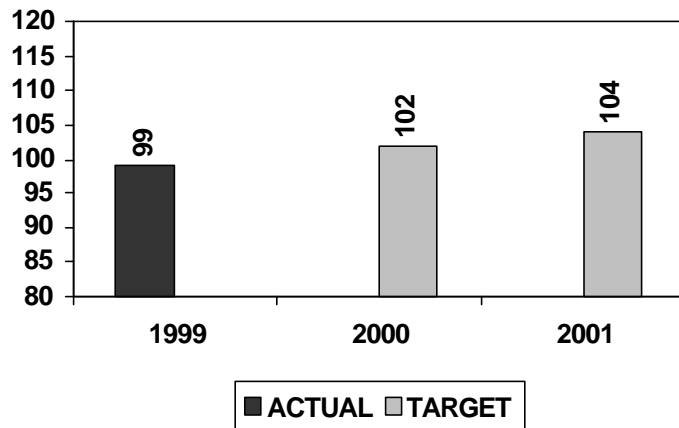
Providing technical assistance to nationals of foreign countries is one method of promoting U.S. competitiveness in the global marketplace. Assistance also strengthens and safeguards the Nation's economic infrastructure by indirectly promoting and shaping intellectual property throughout the world. PTO provides seminars and technical training to officials in countries on reforming their intellectual property structures.

PTO will meet its performance target by enhancing its activities to include compliance with the Agreement on Trade-Related Aspects of Intellectual Property's (TRIPS) Article 67. Article 67 requires developed country members of the World Trade Organization to provide technical assistance to developing and least-developed countries in preparing laws and regulations on the protection and enforcement of intellectual property.

To support the E-Commerce initiative, the PTO will work with the World Intellectual Property Organization (WIPO) to achieve electronic filing of Patent Cooperation Treaty (PCT) applications. The PTO will also electronically receive and process PCT applications at the PTO. PTO will continue working with the WIPO to develop activities that will incorporate information technology in the administration of intellectual property systems.

A share of IT funds will support initiatives to safeguard against National security threats (e.g., dual data centers).

Measure 1.a: Number of technical assistance activities completed



Data Validation and Verification:

Data collection

Frequency: Annually

Data storage: Records of the Office of Legislation and International Affairs

Verification: Completeness and existence of supporting data is verified during the annual financial statement audit. Final test for reasonableness is performed internally.

Data limitations: None

FY2000, FY2001 Targets: Based on the performance statistics in FY 1999, FY 2000 performance target is changed to 102 and the FY 2001 performance target is changed to 104.

Performance Goal 1: Help Protect, Promote, and Expand Intellectual Property Rights Systems Throughout the United States and Abroad

Program Evaluation Efforts

Quality Management

PTO conducted a self-assessment using the Baldrige criteria to project key requirements for delivering ever-improving value to customers while maximizing overall effectiveness and productivity of the delivering organization.

Customer/Stakeholder Input

In conjunction with the National Academy for Public Administration, PTO conducted customer/stakeholder focus sessions to gain a better understanding of their perspectives on end outcomes of the patent and trademark systems.

Technical Assistance/Training

Beginning in FY 2000, the Office of Legislative and International Affairs (OLIA) is tracking the opinions of the students regarding the effectiveness of training sessions.

Strategies and Activities:

Strategies	Activities
Partner and negotiate with foreign patent and trademark organizations. Increase technical assistance to developing countries.	Partner with other government agencies to provide seminars and technical training.

Resource Requirements

Total Dollars: \$22.7 million

FY 99 Actual	FY 00 Enacted	FY 01 Request
\$16.1 M	\$18.8 M	\$22.7 M

Total FTEs: 114

Knowledge of global intellectual property rights systems and policies; expertise in intellectual property law

FY 99 Actual	FY 00 Enacted	FY 01 Request
85	101	114

Total IT Dollars: \$5.8 million

IT Requirements: Wire the World, Share of Enterprise Infrastructure

FY 99 Actual	FY 00 Enacted	FY 01 Request
\$4.2 M	\$4.9 M	\$5.8 M

Performance Goal 1: Help Protect, Promote, and Expand Intellectual Property Rights Systems Throughout the United States and Abroad

Cross-Cutting Activities

Other Government Agencies

United States Trade Representative: The Policy area partners with this office in assessing trade issues especially as they relate to Special 301 and the Trade Related Aspects of Intellectual Property rights (TRIPs). The Policy area also works with USTR in reviewing laws for TRIPs compliance.

Department of Justice, The Customs Office, and the Federal Bureau of Investigation: The Policy area partners with this Office in providing technical assistance to developing countries. They also work together to develop methods for combating piracy and counterfeiting of U.S. goods in foreign countries. Under a recent passage of legislation, the head of the PTO and the Department of Justice will jointly chair an Intellectual Property Enforcement Council.

United States Agency for International Development (USAID): The Policy area partners with this Office in providing technical assistance to developing countries.

Departments of State and Agriculture and the Copyright Office: The Policy area partners with these agencies in the formulation of intellectual property proposals. Additionally, the PTO reports technical assistance activities to the Department of State on an annual basis.

External Factors and Mitigation Strategies

The major external factor affecting PTO's ability to meet this goal is the failure to have access to user fees, which are paid in advance by customers to process requests for products and services. If adequate resources are unavailable to the PTO, Policy functions will reduce their activities proportionately. PTO is working with the Administration on various options to ensure that full revenue collections are allocated to the purposes for which they were paid.

Performance Goal 2: Grant Exclusive Rights, for Limited Times, to Inventors for their Discoveries

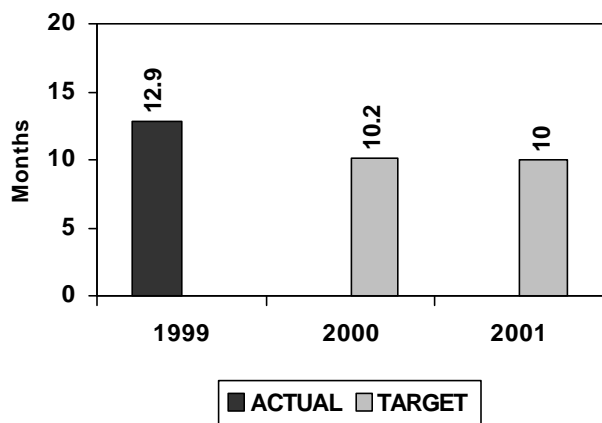
Rationale for Performance Goal

A PTO decision on patentability must be of high quality and rendered in a timely manner because it influences investment, development and marketing strategies, and eventually, the financial viability of U.S. businesses.

In support of E-Commerce, the Patent Business will accelerate electronic processing of patent applications. A share of IT funds will support initiatives to safeguard against National security threats (e.g., dual data centers).

The PTO will test reengineered patent examination processes and automated systems; deploy electronic processing of patent applications; reduce patent processing time for inventions; establish a fee structure that encourages participation in the patent system while reflecting costs; and offer Patent employees innovative training programs.

Measure 2.a: **Cycle time of inventions processed**



Data Validation and Verification:

Data collection

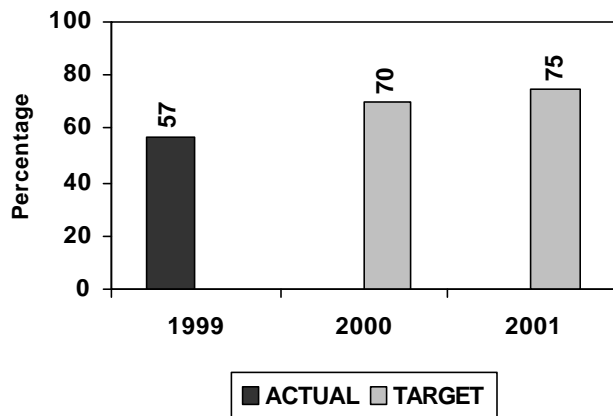
Frequency Input—Daily; Reporting—Monthly

Data storage PALM, Automated systems, reports.

Verification Completeness and existence of supporting data is verified during the annual financial statement audit. Final test for reasonableness is performed internally.

Data limitations None

Measure 2.b: **Percentage of customers satisfied**



Data Validation and Verification:

Data collection

Frequency Surveys are currently conducted and results reported annually.

Data storage

Verification Completeness and existence of supporting data is verified during the annual financial statement audit. Final test for reasonableness is performed internally.

Data limitations None

Performance Goal 2: Grant Exclusive Rights, for Limited Times, to Inventors for their Discoveries

Program Evaluation Efforts

Quality Management

PTO conducted a self-assessment using the Baldrige criteria to project key requirements for delivering ever-improving value to customers while maximizing overall effectiveness and productivity of the delivering organization. In addition, Patents makes use of input from the Office of Quality Review, in-process reviews, and customer service efforts to improve value to customers.

Customer/Stakeholder Input

In conjunction with the National Academy for Public Administration, PTO conducted customer/stakeholder focus sessions to gain a better understanding of their perspectives on end outcomes of the patent and trademark systems.

Patent Working Lab

The Patent Working Lab to test reengineered processes opened in 1998 and ran for one-year. Based on lessons learned, concepts tested in the Lab focusing on balancing the distribution of work with the potential of delivering improvements in customer and employee satisfaction and greater quality of work products will be piloted in fiscal year 2000.

Strategies and Activities:

Strategies	Activities	Budget Request
Implement the American Inventors Protection Act of 1999.	Support implementation of pre-grant publication, term extension, expanded reexamination and performance-based organization.	\$20,006,000 and base
Manage growth while improving processing time.	Increase patent examiner staff, technical support staff, print 168,300 patents, enhance competitiveness in the labor market by offering retention bonuses and accelerated promotions.	\$22,695,000 and base
Establish an Integrated Quality Management System.	Increase customer satisfaction and patent examiner training; enhance classification and examiner search activities; improve sampling and effectiveness of Patent Quality Review.	\$24,004,000 and base

Performance Goal 2: Grant Exclusive Rights, for Limited Times, to Inventors for their Discoveries

Resource Requirements

Total Dollars: \$808.9 million

FY 99 Actual	FY 00 Enacted	FY 01 Request
\$626.6 M	\$694.3 M	\$808.9 M

Total FTEs: 5,949

Skill Summary: Engineers, Scientists

FY 99 Actual	FY 00 Enacted	FY 01 Request
4,753	5,362	5,949

Total IT Budget: \$114.8 million

IT Requirements: Patent Image Capturing Systems; Application Capture and Review (PACRS); Tools for Electronic Application Management (TEAM); Electronic Filing System (EFS); Patent International Priority Document Exchange (IPDE); Share of Enterprise Infrastructure

FY 99 Actual	FY 00 Enacted	FY 01 Request
\$91.9 M	\$93.2 M	\$114.8 M

Cross-Cutting Activities

Other Government Agencies

- Departments of Agriculture, Justice and State: The Patent Business partners with these agencies in the formulation of intellectual property proposals.
- USAID: The Patent Business partners with USAID to improve systems for effectively granting and protecting intellectual property rights.
- Departments of Defense and Energy and NASA: The Patent Business partners with these agencies in handling patent applications having national security implications.
- Department of Health and Human Services: The Patent Business partners with HHS in handling both AIDS-related and recombinant DNA information.

Performance Goal 2: Grant Exclusive Rights, for Limited Times, to Inventors for their Discoveries

External Factors and Mitigation Strategies

The major external factor affecting PTO's ability to meet this goal is the failure to have access to user fees, which are paid in advance by customers to process requests for patent products and services. PTO is working with the Administration on various options to ensure that full revenue collections are allocated to the purpose for which they were paid; i.e. processing patent applications and granting patents.

A second major factor is continually increasing demand for patent products and services, for example, the rate of growth in patent applications continues to rise above expectations. PTO has enhanced its forecasting capabilities and is working with major customer groups to stay abreast of changes in demand patterns to enable PTO to seek Administration and Congressional approval to use revenues over plan to meet the increasing demand. PTO also is identifying reengineering and automation options to increase processing effectiveness and efficiencies, as well as innovative human resources practices to recruit and retain examiners in the tight job market.

Performance Goal 3: Enhance Trademark Protections

Rationale for Performance Goal

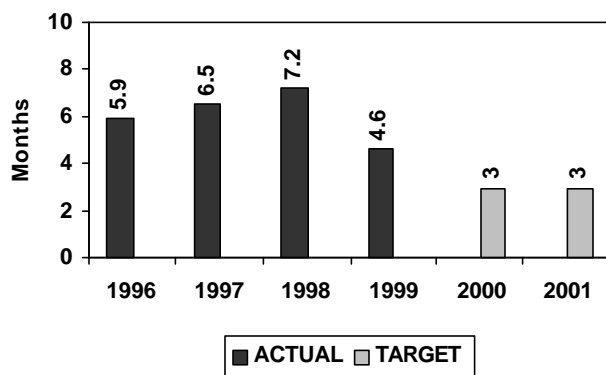
PTO will maximize the business potential of trademarks and contain the cost of trademark application processing.

PTO will reduce trademark processing time, and provide trademark customers the option to file applications and related papers electronically by placing electronic trademark applications on the PTO web site. Finally, PTO will establish a fee schedule that encourages participation in the trademark system, and aligns fees with the cost of providing services. PTO will offer employees innovative training programs and work-at-home opportunities.

In support of E-Commerce, the Trademark Business will enhance communication with customers and employees by transforming trademark processing into a fully electronic operation.

A share of IT funds will support initiatives to safeguard against National security threats (e.g., dual data centers).

Measure 3.a: **Pendency time to first action**



Data Validation and Verification:

Data collection

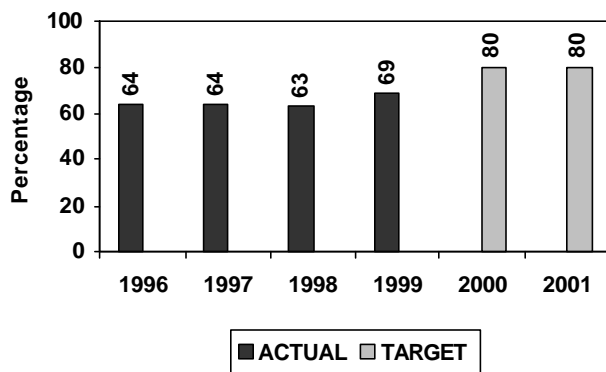
Frequency Varied. Input—Daily; Reported—Monthly.

Data storage TRAM/Trademark Information System

Verification Completeness and existence of supporting data is verified during the annual financial statement audit. Final test for reasonableness is performed internally.

Data limitations None

Measure 3.b: **Percentage of customers satisfied**



Data Validation and Verification:

Data collection

Frequency Surveys are conducted and results reported annually.

Data storage

Verification Completeness and existence of supporting data is verified during the annual financial statement audit. Final test for reasonableness is performed internally.

Data limitations None

Performance Goal 3: Enhance Trademark Protections

Program Evaluation Efforts

Quality Management

PTO conducted a self-assessment using the Baldrige criteria to project key requirements for delivering ever-improving value to customers while maximizing overall effectiveness and productivity of the delivering organization.

Customer/Stakeholder Input

In conjunction with the National Academy of Public Administration, PTO conducted customer/stakeholder focus sessions to gain a better understanding of their perspectives on end outcomes of the patent and trademark systems.

Trademark Work-At-Home

The two-year pilot conducted between March 1997 and March 1999 review whereby 18 Trademark examining attorneys worked at home three days a week was evaluated. Based on preliminary results, the program will be expanded.

Strategies and Activities:

Strategies	Activities	Budget Request
Manage Growth While Improving Processing Times.	Sustain current service levels while processing increased workloads.	\$4,800,000 and base
Establish an Integrated Quality Management System.	Enable Trademark Quality Review to continue to review a four percent sample of examined applications.	\$111,000 and base
Implement the American Inventors Protection Act of 1999.	Support establishment of the Trademark Advisory Council and other performance-based organization costs.	\$128,000 and base

Resource Requirements

Total Dollars: \$124.3 million

FY 99 Actual	FY 00 Enacted	FY 01 Request
\$101.3 M	\$110.3 M	\$124.3 M

Performance Goal 3: Enhance Trademark Protections

Total FTEs: 1,126

Skill Summary: Expertise in U.S. trademark law and procedures, knowledge of intellectual property rights systems and policies

FY 99 Actual	FY 00 Enacted	FY 01 Request
791	1,078	1,126

Total IT Budget: \$29.9 million

IT Requirements: Trademark Image Capture and Retrieval System (TICRS); Trademark Electronic Application System (TEAS); Trademark Search System (TSS); Share of Enterprise Infrastructure.

FY 99 Actual	FY 00 Enacted	FY 01 Request
\$25.5 M	\$25.7 M	\$29.9 M

Cross-Cutting Activities

Intra-DOC

None

Other Government Agencies

U.S. Customs Service: The Trademark Business partners with the Department of Treasury's U.S. Customs Service regarding counterfeit goods or services

External Factors and Mitigation Strategies

To meet this goal, PTO is working with the Administration to ensure that full revenue collections are allocated to the purpose for which they were paid; i.e. processing trademark applications and registering trademarks.

A second major factor is continually increasing demand for trademark products and services, for example, the rate of growth in trademark applications continues to rise above expectations. PTO has enhanced its forecasting capabilities and is working with major customer groups to stay abreast of changes in demand patterns to enable PTO to seek Administration and Congressional approval to use revenues over plan to meet the increasing demand. PTO also is identifying reengineering and automation options to increase processing effectiveness and efficiencies.

Performance Goal 4: Promote Awareness of and Provide Effective Access to, Patent and Trademark Information

Rationale for Performance Goal

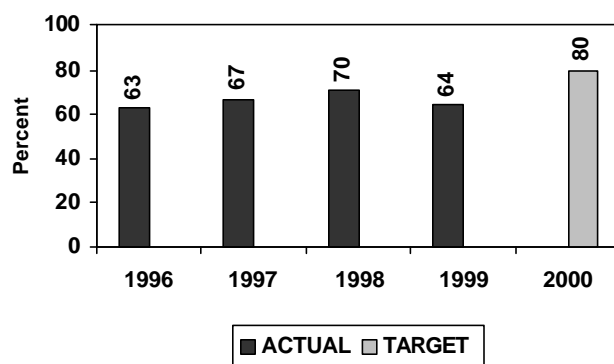
Timely availability of patent and trademark information serves the fundamental purpose of the patent and trademark laws by disclosing new technologies and providing public notice concerning intellectual property rights.

To support the E-Commerce initiative the Information Dissemination Business will enable customers to use the Internet to request the status of their patent and trademark applications, to place orders and receive products, and to access patent and trademark data. PTO will offer electronic accessibility to customers to check application status, place orders and receive products via the Internet. The PTO will also offer employees innovative training programs and will establish a fee schedule that encourages participation in the patent and trademark systems and aligns with cost.

A share of IT funds will support initiatives to safeguard against National security threats (e.g., dual data centers).

Measure 4.a:

Percent key products and services meeting schedules or cycle time of standards



Data Validation and Verification:

Data collection:

Frequency: Quarterly

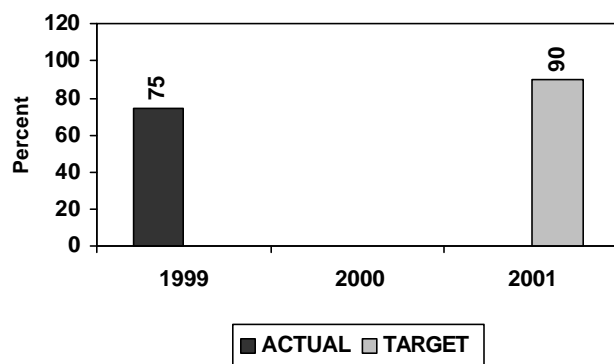
Data storage: Program reports and automated systems.

Verification: Completeness and existence of supporting data is verified during the annual financial statement audit. Final test for reasonableness is performed internally.

Data limitations: For the most part, data are collected manually from program managers.

Measure 4.b:

Customer satisfaction with key products and services



Data Validation and Verification:

Data collection:

Frequency: Surveys are conducted and results reported bi-annually.

Data storage:

Verification: Completeness and existence of supporting data is verified during the annual financial statement audit. Final test for reasonableness is performed internally.

Data limitations: None

Performance Goal 4: Promote Awareness of and Provide Effective Access to, Patent and Trademark Information

Program Evaluation Efforts

Quality Management

PTO conducted a self-assessment using the Baldrige criteria to project key requirements for delivering ever-improving value to customers while maximizing overall effectiveness and productivity of the delivering organization.

Customer/Stakeholder Input

In conjunction with the National Academy of Public Administration, PTO conducted customer/stakeholder focus sessions to gain a better understanding of their perspectives on end outcomes of the patent and trademark systems.

Strategies and Activities:

Strategies	Activities	Budget Request
Implement the American Inventors Protection Act of 1999.	Support implementation of pre-grant publication.	\$974,000 and base

Resource Requirements

Total Dollars: \$62.9 million

FY 99 Actual	FY 00 Enacted	FY 01 Request
\$59.6 M	\$57.9 M	\$62.9 M

Total FTEs: 260

Skill Summary: Knowledge of the value of, and methods for, disseminating patent and trademark information

FY 99 Actual	FY 00 Actual	FY 01 Request
231	260	260

Total IT Budget: \$18.1 million

IT Requirements: Increased Internet Access by Customers to PTO's products and services and data; Share of Enterprise Infrastructure

FY 99 Actual	FY 00 Actual	FY 01 Request
\$13.4 M	\$16.0 M	\$18.1 M

Performance Goal 4: Promote Awareness of and Provide Effective Access to, Patent and Trademark Information

Cross-Cutting Activities

Intra-DOC

Bureau of Census: The Information Dissemination Business provides the Census Bureau the annual report on patent statistics for the Statistical Abstract of the United States.

Other Government Agencies

- *Government Printing Office (GPO):* GPO replicates PTO's CD-ROM products and makes them available to their depository libraries.
- *National Science Foundation (NSF):* PTO partners with NSF on the Report to the President on Science and Engineering Indicators.
- *U.S. Customs Service:* PTO provides Customs with CD-ROMs of trademark information

External Factors and Mitigation Strategies

The major external factor affecting PTO's ability to meet this goal is the failure to have access to user fees, which are paid in advance by customers to process requests for patent and trademark information products and services. PTO is working with the Administration on various options to ensure that full revenue collections are allocated to the purpose for which they were paid; i.e. disseminating patent and trademark information.

A second major factor is continually increasing demand for information products and services, for example, the rate of growth in assignment (title of ownership) applications continues to rise above expectations. PTO has enhanced its forecasting capabilities and is working with major customer groups to stay abreast of changes in demand patterns to enable PTO to seek Administration and Congressional approval to use revenues over plan to meet the increasing demand. PTO also is identifying reengineering and automation options to increase processing effectiveness and efficiencies.

